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## Officials question movie report

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Local legislators agree that a scant report stating \$48 million will be paid out to mostly out-of-state film companies raises more questions than answers.

This month, the Michigan Film Office issued a three-page report stating that \$48 million in tax rebates will be issued for 35 productions completed in the state in 2008, but the report doesn't break down rebates per film.

The report also states that film companies spent roughly \$125 million in Michigan in 2008, but also doesn't break down that figure.

A Michigan State University report states \$59 million of that total comprised "approved non-Michigan expenditures," and that only \$65.4 million were actual Michigan expenditures.

The state's report only lists the films, including "High School," a high school stoner movie filmed primarily at the Howell Public Schools Parker Campus in Marion Township in November and December.

Film office officials have said the amount each company spends in Michigan is confidential because the information now comprises a tax record.

The Michigan Economic Development Corp. said the tax rebate for each production is "confidential information," even though the money is generated by public tax dollars.

That doesn't make sense, legislators said.

"Everything should be on the table, right upfront," said state Rep. Bill Rogers, R-Brighton.

"My biggest concern all along is what kind of return investment will we really get? I would be shocked if we got a big return in investment," Rogers added.

That return, according to the law, should come in the form of job creation, money spent in Michigan and accompanying sales tax revenue.

The program gives a rebate of up to 42 percent of production costs spent in Michigan while shooting here.

Those associated with "High School" have only said that the majority of the film's estimated \$19 million budget was spent in Michigan.

State Sen. Valde Garcia, R-Marion Township, said the report doesn't give a comprehensive overview of the program's progress, but expects a full legislative review.

"It sounds to me like it provides more questions than it provides answers. It doesn't provide enough information," said Garcia, whose district includes the location where "High School" was filmed.

"There's a lot of issues out there," he added.

If all approved films were completed last year, the state would issue \$148 million in refundable tax credits, bringing only \$26.6 million in new income and sales taxes, according to a state Senate Fiscal Agency projection.

Another issue is a claim that 2,800 jobs through the incentive were created by the program in 2008. The MSU report states those 2,800 jobs created were all temporary, and each comprised an average of 23 days of work.

Still, Rogers and Garcia agreed the program may need more time to fully prove its merits.

The film office is touting plans for permanent facilities like movie studios, which are expected to be built in the state and are expected to create permanent, long-term employment here.

"I don't think they should be bashful in the first year," said Rogers, who is also a businessman.

Garcia agreed: "Until we get some direct answers from the office itself, we won't know for sure."

Such roadblocks are nothing new, he said. Acquiring financial information from the state administration traditionally proves difficult, including requests made by legislators, Garcia said.

State Rep. Cindy Denby, R-Handy Township, was unfamiliar with the report, but said she backs efforts to increase transparency by listing all state expenditures from all budgets online. Denby said taxpayers are entitled to the information.

In general, she said government-backed incentives need to be reviewed to see if they create jobs and benefit the state economy.

"We have to make those good decisions about which programs work effectively and which ones don't in our state," Denby said.

Ray Markovich, a producer for the movie "High School," said it could take 10 to 20 years for Michigan to see a full return on its initial investment. First-year figures for film incentive programs are often startling, but are to be expected in the first year, Markovich said.

"It's starting a new industry. You're not Microsoft day one," he said.

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